

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 EA-10 ISO-00 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 ICAE-00 INRE-00 SOE-02
AID-05 CEA-01 COME-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 OMB-01 PM-05 OES-07 SP-02 SS-15
STR-07 TRSE-00 ACDA-12 PA-01 NRC-05 OIC-02 /144 W
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O 170801Z APR 78

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7126

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: ENRG, OECD, JA

SUBJECT: IEA GOVERNING BOARD: TOKYO, APRIL 12-13

1. SUMMARY: IEA GOVERNING BOARD HELD ITS FIRST FORMAL
MEETING OUTSIDE PARIS APRIL 12-13 IN TOKYO. GB HEARD
STATEMENTS STRESSING JAPAN'S COMMITMENT TO IEA FROM FOREIGN

MINISTER SONODA AND MITI INTERNATIONAL RESOURCES AGENCY CHIEF HASHIMOTO. R&D AGREEMENT SIGNING CEREMONY AND PRESS CONFERENCE AND OTHER PUBLIC APPEARANCES BY EXECUTIVE DIRECTOR LANTZKE AND GB CHAIRMAN ROHWEDDER WERE SKILLFULLY USED BY GOJ TO HELP BUILD PUBLIC SUPPORT FOR IEA AND STRENGTHENED JAPANESE ENERGY EFFORT. IN MAIN SUBSTANTIVE ACTION OF MEETING, GB ENDORSED THRUST OF STANDING GROUP ON LONG-TERM COOPERATION (SLT) REPORT ON COUNTRY ENERGY POLICY REVIEWS, AGREED THAT BOTH OVERALL REPORT AND INDIVIDUAL LIMITED OFFICIAL USE

COUNTRY REPORTS SHOULD BE PUBLISHED, AND ADOPTED CONCLUSIONS (SEPTEL) WHICH WILL BE PUBLISHED ALONG WITH SLT AND R&D COUNTRY REVIEW REPORTS. IN BRIEF, LARGELY PROCEDURAL DISCUSSION, GB AGREED THAT SECRETARIAT COAL STUDY SHOULD BE REVIEWED BY SLT AND ITS ACCELERATED DEVELOPMENT SUB-GROUP AND THAT THERE SHOULD BE FURTHER, POLICY ORIENTED DISCUSSION BY GB BEFORE DECISION IS TAKEN ON PUBLICATION. SUMMARY OF GB DISCUSSION ON THESE AND OTHER ISSUES REPORTED BELOW. END SUMMARY.

2. SLT REPORT. DISCUSSION OF SLT REPORT ON COUNTRY ENERGY POLICY REVIEWS (IEA/GB) REVEALED GENERAL AGREEMENT WITH BASIC THRUST OF SLT FINDINGS, I.E. THAT WHILE NATIONAL EFFORTS TO REDUCE OIL IMPORT DEPENDENCY HAVE SHOWN SOME IMPROVEMENT, THERE IS SERIOUS DOUBT THAT IEA LIMITED OFFICIAL USE

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COUNTRIES WILL MEET GROUP OBJECTIVE OF NO MORE THAN 26 MMBD OF OIL IMPORTS IN 1985 UNLESS POLICIES ARE SIGNIFICANTLY STRENGTHENED. WHILE ACCEPTING THIS BASIC POINT, SEVERAL DELS, INCLUDING U.S. (ASSISTANT SECRETARY KATZ) URGED THAT IEA NOT OVER-DRAMATIZE THE SITUATION AND RISK DIMINISHED CREDIBILITY BY PLACING TOO MUCH STRESS ON PRECISE PREDICTIONS OF A "NOTIONAL" SUPPLY/DEMAND GAP IN 1985. U.S. REP AND OTHERS POINTED OUT, INTER ALIA, THAT SLT ESTIMATE OF POTENTIAL IEA OIL IMPORTS OF 31-36 MMBD WAS BASED ON AVERAGE REAL GDP GROWTH OF 4.4 PERCENT PER YEAR FROM 1976 THROUGH 1985, A RATE WHICH, WHILE DESIRABLE, SEEMS UNLIKELY TO BE ATTAINED BASED ON PERFORMANCE UP TO NOW. HE NOTED, HOWEVER, THAT TRENDS ARE EVIDENT THAT CALL FOR VIGOROUS ENERGY POLICY MEASURES NOW ESPECIALLY IN VIEW OF LONG LEAD TIMES FOR ACHIEVEMENT OF SIGNIFICANT RESULTS. DURING COURSE OF DISCUSSION U.S. AND SEVERAL OTHER DELS ALSO STRESSED THAT WHILE REDUCED ECONOMIC GROWTH MAY FORESTALL OIL SUPPLY CRUNCH FOR A FEW YEARS RECESSION IS NOT AN ACCEPTABLE ANSWER TO ENERGY

3. THERE WAS UNANIMOUS GB AGREEMENT THAT SLT REPORT SHOULD BE PUBLISHED, WITH PREFACE NOTING THAT COMPLEXITIES

RELATING TO ECONOMIC GROWTH RATES AND ECONOMIC GROWTH/
ENERGY DEMAND ELASTICITIES SUBJECT PRECISE ESTIMATES OF
OIL SUPPLY/DEMAND CONDITIONS AT PARTICULAR DATES TO
CONSIDERABLE UNCERTAINTY, THOUGH ANALYSIS DEMONSTRATES
CLEARLY NEED FOR VIGOROUS POLICY ACTION TO FORESTALL
UPWARD PRICE PRESSURES IN 1980S. GB ALSO AGREED THAT
INDIVIDUAL COUNTRY REPORTS SHOULD BE PUBLISHED, WITH CLEAR
NOTATION THAT THEY REFLECT VIEWS OF INDIVIDUAL SLT
RAPPORTEURS. ONLY DELS TO OPPOSE PUBLICATION WERE SWISS
(WHO FELT PUBLICATION COULD BE COUNTERPRODUCTIVE IN
CURRENT NATIONAL ENERGY DEBATE) AND IRISH (WHO WERE NOT IN
POSITION AT TIME OF SLT REVIEW TO PRESENT POLICIES NOW
BEFORE PARLIAMENT). IT WAS AGREED THAT MINOR EDITORIAL

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7127

INFO AMEMBASSY ANKARA

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CHARGES DESIRED BY SEVERAL COUNTRIES WOULD BE HANDLED THROUGH CONSULTATION AMONG COUNTRY CONCERNED, SLT RAPporteur AND SLT CHAIRMAN. GB AGREED THAT PENDING FULL PUBLICATION INDIVIDUAL COUNTRIES WOULD BE FREE TO MAKE LIMITED OFFICIAL USE

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THEIR REVIEW REPORTS PUBLIC AT THEIR OWN DISCRETION (JAPAN DID SO ON APRIL 13 AND SLT RECOMMENDATIONS ON JAPAN RECEIVED WIDE PRESS COVERAGE). GB CONCLUSION AGREED TO DURING MEETING WILL ALSO FORM PART OF PUBLICATION PACKAGE.

4. ASSISTANT SECRETARY BERGOLD OF DOE REPORTED ON CURRENT STATUS U.S. ENERGY LEGISLATION AND PLANS FOR PHASE II. GB CONCLUSIONS INDICATE IMPORTANCE MEMBERS ATTACH TO ADOPTION OF STRONG ENERGY POLICY BY U.S. OWING TO ITS HEAVY WEIGHT IN OIL MARKET.

5. COAL STUDY AND NUCLEAR WORK PROGRAM. DISCUSSION OF SECRETARIAT COAL STUDY WAS LARGELY PROCEDURAL, ROHWEDDER CLEARLY SEEKING TO POSTPONE SUBSTANTIVE DISCUSSION AND PUBLICATION OF THE STUDY DESPITE STRONG INTEREST EXPRESSED BY DUTCH, DANES AND OTHERS. ROHWEDDER FLATLY REJECTED LANTZKE'S PROPOSAL THAT STUDY BE PUBLISHED UNDER SECRETARIAT RESPONSIBILITY FOLLOWING FURTHER EDITING AND TECHNICAL DISCUSSIONS IN ACCELERATED DEVELOPMENT SUB-GROUP. UNDERLYING GERMAN POSITION IS CONCERN THAT STUDY STRESSING MERITS OF COAL COULD BE COUNTERPRODUCTIVE IN CURRENT DEBATE OVER NUCLEAR ENERGY. ITALIANS EXPRESSED SIMILAR CONCERN AND, IN ADDITION, HELD GB CONCLUSIONS ON COAL HOSTAGE TO CONCLUSIONS ON NUCLEAR WORK PROGRAM STRESSING FAMILIAR ITALIAN LINE ON "SOLIDARITY" AMONG IEA COUNTRIES. AFTER SOME DISCUSSION, GB ACCEPTED INCLUSION IN NUCLEAR CONCLUSIONS OF LANGUAGE ON COOPERATION AMONG IEA COUNTRIES SIMILAR TO THAT AGREED TO BY MINISTERS IN OCTOBER.

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6. PROCEDURALLY, UPSHOT OF DISCUSSION WAS AGREEMENT THAT COAL STUDY WOULD BE SENT TO ACCELERATED DEVELOPMENT SUB-GROUP AND SLT FOR FURTHER DISCUSSION WITH INSTRUCTIONS LIMITED OFFICIAL USE

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TO SLT TO COME UP WITH POLICY RECOMMENDATIONS BY NOV 1978. ROHWEDDER INSISTED THROUGHOUT THAT STUDY SHOULD NOT BE

PUBLISHED WITHOUT FURTHER GOVERNING BOARD DISCUSSION.

7. INTERNATIONAL ENERGY RELATIONS. IN HIS FINAL GB PRESENTATION, OUTGOING AD HOC GROUP ON INTERNATIONAL ENERGY RELATIONS CHAIRMAN BURROWS, REPORTED ON MARCH MEETING OF HIS GROUP STRESSING VALUE OF CONCRETE IEA PROGRAM IN SUPPLY/DEMAND FIELD. ENSUING DISCUSSION REVEALED STRONG SUPPORT FOR ACTIVE IEA WORK IN THIS FIELD IN PART IN ORDER TO DEMONSTRATE AGENCY'S NON-CONFRONTATIONAL SPIRIT. POINTING TO FORMIN OWEN'S RECENT POLICY SPEECH, UK REP JONES STRESSED HMG'S STRONG BELIEF THAT ESTABLISHMENT OF WORLD-WIDE ENERGY CONSULTATIVE FORUM IS NECESSARY AND DESIRABLE. IT WAS AGREED THAT AD HOC GROUP SHOULD CONTINUE ACTIVELY TO CONSIDER MEANS OF REACHING THIS OBJECTIVE. AS EXPECTED, GILLIAN BROWN OF UK FOREIGN OFFICE WAS ELECTED TO REPLACE BURROW'S AS AD HOC GROUP CHAIRMAN. NEXT MEETING WILL BE HELD IN LATE MAY OR EARLY JUNE.

8. R&D. GB WAS OCCASION FOR SIGNATURE OF TWO NEW IEA R&D AGREEMENTS, ON WAVE POWER (A JAPANESE PROPOSAL) AND BIOMASS CONVERSION FROM FORESTRY MATERIALS, AND FOR ACCESSION BY JAPAN TO FOUR OTHER AGREEMENTS. IN STATEMENT AT SIGNING CEREMONY, FONMIN SONODA STRESSED GOJ INTENTION TO MAKE EVERY EFFORT TO EXPAND ITS PARTICIPATION IN IEA R&D PROGRAM. GB AGREED THAT REPORTS RESULTING FROM R&D COMMITTEE'S REVIEW OF NATIONAL R&D PROGRAMS, AFTER SOME REVISION PURSUANT TO CONSULTATIONS WITH COUNTRIES WITH SOME OBJECTIONS, WOULD BE PUBLISHED ALONG WITH SLT REPORT PACKAGE.

9. OIL MARKET ISSUES. IN PRESENTATION ON MEDIUM TERM OIL MARKET OUTLOOK, LANTZKE PREDICTED THAT PRESENT SOFT

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OIL MARKET CONDITIONS WOULD CONTINUE UNTIL 1980 OR 1981
AND BEGIN TO TIGHTEN THEREAFTER. HIS ESTIMATE WAS THAT
EVEN WITH REDUCED ECONOMIC GROWTH THERE WAS LIKELIHOOD
OF EXCESS DEMAND BRINGING STRONG UPWARD PRESSURE ON OIL
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PRICES AT SOME POINT BETWEEN 1985 AND 1990.

10. WITH RESPECT TO SOM FINANCIAL INFORMATION SYSTEM, GB
ACCEPTED FOR ONE YEAR TRIAL SUBMISSION BY JAPAN OF
PUBLISHED INFORMATION ON JAPANESE OIL COMPANIES
IDEMITSU AND MARUZEN.

11. EMERGENCY MANAGEMENT MANUAL. ITALY LIFTED RESERVA-
TION ON PRICING PRINCIPLES DURING EMERGENCY ALLOCATION
UPON ACCEPTANCE OF COSMETIC AMENDMENT BY GB. LAST
PRINCIPLE NOW INDICATES THAT CHAIRMAN'S COMPROMISE
"WILL" RATHER THAN "WOULD" BE APPLICABLE UNDER SAME
CONDITIONS IN EMERGING AND NON-EMERGENCY SITUATIONS.
MANSFIELD

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Secure: OPEN
Status: NATIVE
Subject: IEA GOVERNING BOARD: TOKYO, APRIL 12-13
TAGS: ENRG, OCON, JA, FR, XX, OECD, IEA
To: STATE
Type: TE
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